The 2020 USS Valuation

USS is one of the UK's best pension schemes. The scheme is currently going through a **valuation** - an assessment of a pension scheme’s financial health, carried out at least once every three years.

### Valuation challenges

While the cost of providing pensions has gone up, so have the contributions of employers and scheme members, to maintain the same level of benefits. For USS, this has meant around a 50% rise in the rate of employer contributions into the scheme over the last decade (from 14% to 21.4% of salary).

USS estimates the current scheme deficit at the 2020 valuation date could be as high as £18 billion and the scheme needs much more money to keep pensions the same.

Many of you may be unwilling to pay in more yourselves and universities cannot afford a higher contribution rate, without diverting money from other budgets, with consequences for jobs, teaching, and the student experience.

### Changes to the scheme

USS employers are now proposing reforms to avert these unaffordable contribution levels for members and employers and ensure a valuable, affordable, and sustainable scheme.

We understand how difficult it is to consider benefit reform with your pension scheme, especially after everything we have been through with the Covid-19 pandemic. But without reforms, USS will impose much higher contributions - rising for members from 9.8% of salary, to 11% in April 2022 and reaching as high as 18.8% by 2025. This would risk pricing more and more members out of the pension scheme and mean more staff missing out on money from their employer towards their future and valuable life cover and other benefits.

For employers, contributions would rise from 21.4% of salary to 23.7% in April 2022 and reach as high as 38.2% by 2025. This would force employers to divert more and more money towards pensions and impacting other areas of university spending - such as jobs and student experience.

Employers have also gone the extra mile to protect the scheme and secured much lower costs through their additional financial backing. Without such additional commitments from employers, scheme members and employers would be looking at overall salary contribution rates 80% higher, and the closure of the defined benefits part of the scheme.

A full 60-day open consultation with members will now follow the decision made at the Joint Negoititating Committee (JNC) to progress UUK’s proposal. It will contain clear and detailed information on what this would mean in terms of contribution costs and benefits to members. It is also important to remember that your pension benefits built up to date are unaffected and secure.

USSemployers.org.uk